

Message Text

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ACTION EB-07

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TAGS: BEXP EMIN SG IR
SUBJ: IRAN-SENEGAL ECONOMIC RELATIONS: VISIT OF SENEGAL PRES
SENGHOR

REF: (A) STATE 103850, (B) TEHRAN 0145, (C) DAKAR 1737, (D) DAKAR
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1. PRES LEOPOLD SENGHOR OF SENEGAL COMPLETED A TWO DAY "PRIVATE" VISIT TO IRAN JUNE 28-30 WHICH RECEIVED PROMINENT PRESS COVERAGE IN THE TEHRAN PRESS. PRES SENGHOR'S VISIT COINCIDED WITH MEETING OF IRAN-SENEGAL JOINT MINISTERIAL PLANNING COMMISSION HEADED RESPECTIVELY BY GOI'S MINISTER FOR PLANNING AND BUDGET, ABDOL MAJID-MAJIDI AND SENEGAL'S MINISTER OF PLANNING, OSMAK SEK. ADDITIONALLY, THE SENEGALESE ECONOMIC DEL HAD A SEPARATE MEETING WITH NATIONAL IRAN OIL COMPANY'S DEP MANAGING DIR REZA FALLAH TO DISCUSS PROGRESS OF THE 1.25 MILLION TON OIL REFINERY TO BE ERECTED NEAR DAKAR AND ANCILLAR FACILITIES (SEE REFTELS). FINALLY, A COMMERCIAL ACCORD WAS SIGNED BETWEEN REPS OF THE TWO COUNTRIES.

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2. AS PREVIOUSLY REPORTED, IRAN HAS EXTENDED A 40 MILLION DOLLAR LOAN AND 40 MILLION DOLLAR CREDIT TO SENEGAL FOR THE PURPOSE OF CONSTRUCTING A REFINERY (WHICH WOULD UTILIZE IRANIAN CRUDE) AND TO DEVELOP PHOSPHATE DEPOSITS. THESE TWO PROJECTS ACCOUNT FOR THE BULK OF THE SEDAR CAYAN COMPLEX WHOSE TOTAL COST WAS ORIGINALLY ESTIMATED AT 600 MILLION DOLLARS. THE EMB UNDERSTANDS THAT MUCH OF THE DISCUSSION CENTERED IN SENEGAL'S INABILITY THUS FAR TO OBTAIN

THE REQUISITE FINANCING (HOPEFULLY FROM THE IBRD) FOR THE INFRA-STRUCTURE. TO DATE, UTILIZATION OF THE IRANIAN CREDIT AND GRANT HAS BEEN STYMIED BY THE ABSENCE OF EVEN TENTATIVE IBRD ASSENT ON THE FINANCING. AS FAR AS THE EMB CAN DETERMINE, THE DISCUSSIONS ON IRASENCO PROJECT BETWEEN THE IRANIANS AND THE SENEGALESE WERE CONFINED IN THE MAIN TO IDENTIFYING AND REHASHING PROBLEMS ALREADY WELL KNOWN ON BOTH SIDES, VIZ: THE FEASIBILITY STUDY ON THE PHOSPHATE MINE AND PORT EXPANSION, OVERALL FINANCING, MARKETING OF THE PHOSPHATES AND COORDINATION PROBLEMS BETWEEN THE TWO NATIONS. THE EMB WOULD JUDGE THAT THERE WAS NO REAL RESOLUTION OF ANY OF THESE PENDING QUESTIONS.

3. REZA FALLAH, IRAN'S REP ON IRASENCO'S BOARD, TOLD EMBOFF PRIVATELY THAT HE FELT THE SENEGALESE WERE GENERALLY PLEASED WITH THE DISCUSSIONS. SPEAKING FOR HIMSELF, HOWEVER, HE SAID THAT HE REALLY DIDN'T THINK IRASENCO HAD MOVED AHEAD VERY MUCH AS A RESULT OF SENGHOR'S VISIT. THE IBRD WILL FINANCE THE FEASIBILITY STUDY BUT NO FIRM HAS YET BEEN SELECTED FOR THIS WORK. IRAN IS PREPARED TO PUT MORE MONEY INTO IRASENCO BUT ONLY AFTER IBRD HAS GIVEN A BINDING COMMITMENT ON THE INFRA-STRUCTURE FINANCING. FALLAH DOUBTED VERY MUCH THAT INVESTMENT IN THE PROJECT WILL REACH \$600 MILLION GIVEN THE PRESENT PRICE OF PHOSPHATE ROCK (AT \$35 PER TON, HALF OF WHAT IT WAS 2 YEARS AGO) AND THE OBVIOUS RISKS OF INVESTING A LARGE SUM AT LEAST AT THIS TIME.

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4. THE 10-ARTICLE COMMERCIAL ACCORD IS VERY GENERAL IN NATURE AND CONTAINS THE USUAL PROVISIONS CHARACTERISTIC OF IRAN'S TRADE AGREEMENTS, I.E. MFN TREATMENT FOR COMMODITIES IN THE 2-WAY TRADE, TEMPORARY IMPORT PERMITS FOR EXHIBITION MERCHANDISE, PAYMENTS ON COMMERCIAL TRANSACTIONS TO BE IN CONVERTIBLE CURRENCY. ANNEXES TO THE COMMERCIAL ACCORD LISTED THE PRODUCTS WHICH EACH COUNTRY IS PREPARED TO EXPORT TO THE OTHER (FROM IRAN; MACHINERY, VEHICLES, STEEL AND PHARMACEUTICALS; FROM SENEGAL, FRUITS, VEGETABLES, FISH, COTTON TEXTILES AND HIDES AND SKINS).

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